

Message Text

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TO AMEMBASSY STOCKHOLM

UNCLAS STATE 185771

E.O.11652:NA

TAGS: BEXP BFOL SW

SUBJ: GOLBAL MARKET RESEARCH: FOOD PROCESSING AND PACKAGING
EQUIPMENT - SWEDEN

REF: STATE A-1665

1. FPP EQUIPMENT REPORT BY ANDREW KARNIG AND ASSOCIATES
SERIOUSLY DEFICIENT: (1) INFORMATION, AS CALLED FOR IN THE
SPECIFICATIONS, MISSING AND EITHER NO EXPLANATION, OR
UNSATISFACTORY EXPLANATIONS, ARE GIVEN FOR THE OMISSIONS
(2) NUMEROUS STATISTICAL ERRORS AND DISCREPANCIES ARE
APPARENT (3) SCANTY INFORMATION OFFERED IN MOST AREAS
WHERE SOME ATTEMPT WAS MADE TO COMPLY WITH SPECIFICATIONS
(4) SWEEPING GENERALITIES GIVEN WITHOUT REASONS OR SUPPORT
FOR CONCLUSIONS. REPORT GENERALLY DEMONSTRATES LITTLE
EFFORT ON PART OF CONTRACTOR TO CONDUCT ANY IN-DEPTH
RESEARCH.

2. RE AREAS WHERE EXPLANATIONS FOR OMISSION OF INFORMATION
ARE CONSIDERED UNSATISFACTORY: A REVIEW OF RESEARCH REPORTS
CONTRACTED IN SWEDEN IN THE PAST, AND A REVIEW OF THE FPP
EQUIPMENT RESEARCH PERFORMED IN 1970, REVEAL THAT
EXPLANATIONS OFFERED BY ANDREW KARNIG AND ASSOCIATES ARE
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WITHOUT FOUNDATION. INFORMATION ON THIRD-COUNTRY COMPETITION

AND ON DETAILS OF FPP SYSTEMS IN USE, FOR EXAMPLE, SHOULD BE EASILY OBTAINABLE IN SWEDEN. IN FACT, IT APPEARS THAT THERE SHOULD BE A WEALTH OF INFORMATION AVAILABLE ON THE FPP INDUSTRY.

3. ACTION REQUESTED

TRANSMIT COPY FOLLOWING ANALYSIS OF REPORT TO ANDREW KARNIG AND ASSOCIATES SOONEST AND OBTAIN COMMITMENT THAT HE WILL SUBMIT INFORMATION REQUIRED TO AMEMBASSY BY SEPT. 20.

4. FINAL PAYMENT TO CONTRACTOR WILL BE APPROVED UPON RECEIPT AND ACCEPTANCE BY COMMERCE OF SUPPLEMENTARY INFORMATION REQUESTED BY ANALYSIS.

5. ANALYSIS OF ANDREW KARNIG AND ASSOCIATES REPORT (FOR CONTRACTOR)

THIS ANALYSIS IS ORGANIZED IN ACCORDANCE WITH SEQUENCE OF MARKET RESEARCH SPECIFICATIONS. ADDITIONAL INFORMATION OR CLARIFICATION REQUIRED IS SUMMARIED UNDER APPROPRIATE SECTION NUMBER. PARENTHETICAL PAGE REFERENCES APPLY TO ANDRES KARNIG AND ASSOCIATES REPORT.

1.24.08

PROVIDE REQUIRED LIST OF PERSONS INTERVIEWED.

3.21.01; 3.21.03; AND 3.22.02

ESTIMATED SALES OF FOOD PACKAGING EQUIPMENT GIVEN IN TABLE 1 (P.4) AND TABLE 3 (P.6) APPEARS TO BE IN ERROR (I.E., 8&8*8-; TLY UNDERESTIMATED) BASED ON: (1) ANALYSIS SOURCES GIVEN FOR TABLES AND (2) ANALYSIS DATA WITHIN TABLES 1,3,5 -,\$ 6 AND INFORMATION IN OTHER SECTIONS REPORT. IMPORTS OF FOOD PACKAGING EQUIPMENT GIVEN IN TABLE 6 (P 14) ALSO APPEAR TO BE UNDERESTIMATED. ANALYSIS FOLLOW:

ANALYSIS INDUSTRI 1971, PART 2 STATISTISKA
CENTRALBYRAN, STOCKHOLM, 1973 REVEALS SALES OF PACKAGING EQUIPMENT IN 1971 TOTALED 831.971 THOUSAND SKR (I.E., COMBINED PRODUCTION PLUS IMPORTS LESS EXPORTS OF SITC CATEGORIES 719.31, 719.62, AND 719.63). CONTRACTOR STATES (P.4) FOOD PACKAGING
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EQUIPMENT SALES ACCOUNT FOR FIFTY PERCENT OF TOTAL FOOD PACKAGING EQUIPMENT SALES. THEREFORE 1971 MARKET FOR FOOD FOOD PACKAGING EQUIPMENT WOULD EQUAL 415,985 THOUSAND SKR. APPEARS FROM THIS CALCULATION THAT DATA GIVEN FOR YEARS 1972-78 IN TABLES 1 AND 3 ARE ONE-TENTH THE VALUE THAT SHOULD BE INDICATED.

ANALYSIS TABLE 1 DATA AND TABLE (P. 13) DATA ON

IMPORTS OF ONLY ONE OF THREE SITC CATEGORIES THAT SHOULD BE REPORTED REVEALS THAT IMPORTS SITC 719.62 MACHINES FOR FOOD PROCESSING INDUSTRY (I.E., FIFTY PERCENT OF ACTUAL IMPORTS EQUALS MORE THAN 80 PERCENT OF SALES IN 1972 AND MORE THAN 100 PERCENT OF SALES IN 1973.

ANALYSIS TABLE 1 DATA AND TABLE 6 (P. 14)
DATA INDICATES THAT IMPORTS OF FOOD PACKAGING EQUIPMENT EQUAL 34 PERCENT OF SALES IN 1974 AND IN 1978.

ANALYSIS TABLE S 5 AND 6 SHOWS ACTUAL 1973 IMPORTS OF FOOD PACKAGING EQUIPMENT IN ONLY ONE OF THREE CATEGORIES THAT SHOULD BE INCLUDED EXCEEDING ESTIMATED 1974 IMPORTS OF ALL FOOD PACKAGING EQUIPMENT BY MORE THAN \$7 MILLION, OR MORE THAN 200 PERCENT.

MOREOVER, CONTRACTOR STATES IN TEXT (P. 31) THAT DOMESTIC PRODUCERS OF FOOD PACKAGING EQUIPMENT SUPPLY MORE THAN 75 PERCENT OF THE MARKET.

SUCH STATISTICAL ERRORS AND DISCREPANCIES, AS PRESENTED IN ABOVE ANALYSES, MUST BE REMEDIED.

3.23.01(E)
PROVIDE INFORMATION REQUIRED. EXPLANATION GIVEN FOR ITS OMISSION (P.16) CONSIDERED UNSATISFACTORY.

3.23.01(F)
PROVIDE INFORMATION REQUIRED.
3.31.01(B) INDICATE WHETHER " CAPITAL INVESTMENT" FIGURES GIVEN IN TABLE 8 (P.21) REPRESENT TOTAL VALUE FIXED ASSETS OR ANNUAL CAPITAL EXPENDITURE.

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3.31.02(A)
DISCUSSION ON PERCENT SHARES OF TYPES OF PACKAGING MATERIALS USED BY FOOD PROCESSING SECTORS (P.23) APPEARS TO BE BASED ON VALUE OF CONSUMPTION GIVEN IN APPENDIX Q. UNCLEAR WHETHER FIGURES IN APPENDIX APPLY TO MATERIALS USED FOR PACKAGING NON-FOOD AS WELL AS FOOD ITEMS. PLEASE CLARIFY. IF FIGURES TO APPLY TO NON-FOOD USE, PROVIDE ESTIMATES OF CONSUMPTION BY FOOD PROCESSING INDUSTRY ALONE.

3.32.01(B)
EXPLAIN WHETHER VARBY LABEL PRODUCTS (P. 24) INCLUDE SOFT DRINK ONLY.

3.32.01(E) INDICATE WHAT TYPES OF MEAT PRODUCTS ARE PROCESSED AT RECENTLY CONSTRUCTED FOODIA AB PLANT (P.25)

3.32.01(H)

RESEARCH STATES THAT OUTLOOK FOR EXPANSION IN EACH SECTOR IS GOOD, BUT ALSO STATES IN ANSWER TO SECTION 3.32.01(E) THAT THERE ARE NO EXPANSION PLANS (PP 24-28). PROVIDE INFORMATION SUPPORTING FAVORABLE OUTLOOK FOR EXPANSION.

3.33.01(C)

SELECT COMPANIES FOR EACH OF THE THREE SECTORS THAT WILL PROVIDE DETAILED DESCRIPTION OF FPP SYSTEMS IN USE, AND SUPPLY THE REQUIRED INFORMATION. EXPLANATION FOR ITS OMISSION (PP27-28) CONSIDERED UNSUBSTANTIATED.

3.40.01(C)

PROVIDED INFORMATION REQUIRED.

3.40.01(D)

INDICATE RELATIVE IMPORTANCE AND POSITION OF NATIONAL (I.E., LOCALLY-OWNED) MANUFACTURERS IN THE INDUSTRY.

3.40.01(F)

RESEARCH STATES PROSPECTS FOR GROWTH OF THE FPP EQUIPMENT INDUSTRIES ARE EXCELLENT (PP 30-31) BUT DOES NOT PROVIDE ANY SUPPORT FOR SUCH CONCLUSION. PROVIDE DISCUSSION OF REASONS, INCLUDING INFORMATION SUCH AS EXTENT OF EXPORT ACTIVITY, PLANS FOR EXPANSION, AND ESTIMATED GROWTH RATES FOR PRODUCTION AND EXPORTS.

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3.54.01; 3.54.02; AND 3.54.03.

PROVIDE INFORMATION REQUIRED. KISSINGER

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